CHAPTER - V

CONCLUSIONS AND SUGGESTIONS
The economic growth and development of the country majorly depends upon the fortunes of rural sector. Agriculture, subsidiary occupations, small and cottage industries and rural artisans are the main components of rural sector. The growth and development of this sector has been hindered in the past due to lack of services including wherewithal. The one input on which depends the transforming of the rural sector from deficit to surplus is capital namely Credit. In other words, credit is essentially a pre-requisite for intensive programme on modern technology in economic significance sectors like agriculture, subsidiary operations, rural artisans, small and cottage industries, etc. Therefore, an effective system of credit is imperative to sustain, stimulate and strengthen the rural sector. For effective credit flow, cooperation is only the 'hope' and the cooperatives are the 'ultimate' sources.

The cooperative credit sector came into being at the turn of the present century. On the recommendations of various committees and commissions, the cooperative movement has undergone changes in its structure, objects and functioning style. The present day cooperative movement oriented to achieve better production, better income and quality life of
people. For channelling of adequate credit in right time for growth and development of agriculture and its allied activities, the cooperative sector has been exclusively reserved. The credit cooperatives could adopt a purpose-cum-production oriented loan policy with open membership and keen supervision on utilisation. On identifying better economies being availed of by the farmers, the Government of India as well as the provincial Governments have been lending support to the cooperatives through budgetary provisions. A substantial progress has been observed in agricultural sector. It is an obvious fact at macro level. The cooperative banks are king-pins in serving the agricultural sector through the primary societies. A need arose to examine the performance of cooperative banks. Hence, a study on working of cooperative bank in Tumkur district of Karnataka for investigation.

An attempt was made to look at the programme of credit from the various angles and also made some observations based on the working of cooperative bank. The summary of findings and conclusions emerging from the previous chapters are presented in this chapter. And a few suggestions culminating from the survey are also presented.

The Tumkur district has not been endowed with the bounties of the nature. Absence of thick forest, lack of perennial rivers, meager rainfall and enervating climate have had accumulative...
effect hampering the natural setting of the district. To have rapid development of the economy of district, the resources would be made available and effective thereto. In order to have optimum results with available resources, the credit cooperatives have been functioning at the door steps of farmers. The cooperative bank has opened many branches in areas considering as compact for the purpose of credit as well as getting more deposits. This could also help in finding the erring officials and sabotaging machinery in addition to avoid delay in transactions.

The cooperative bank progress has been satisfactory in share capital, owned funds and deposits. Also found the performance of cooperative bank is better in availing of the credit limits made available by the NABARD through Apex bank. The analysis of the data shows that the cooperative bank could not provide adequate credit and still have to bring many farmers who are outside into the orbit of cooperative credit. As is seen that the position of overdues have mounted up registering a low record of recovery performance. Further also observed that a substantial portion of overdue is not due to failure of crops but due to the willingness of the borrowers not to repay. To make the recovery system effective, the cooperation bank initiated legal action for recovery. The recovery performance is around 44 per cent of the total overdue including recovery under legal action. This shows how ineffective the cooperative bank in recovery of loans.
The branch area of cooperative bank is considered as compact for the purpose of rural credit as also for raising deposits from myriad people. It is one of the better devices for sound structure. The loan sanctioning authority is vested with the Board. It is found in the survey, about 70 per cent of the Board of Directors could attend the meeting during the period under study. It is also found that adjournment of meetings was done for not want of quorum but indecisible. This shows the indifferent attitude of directors with the reason which may be due to political intrigues or lack of social commitment with cooperative consciousness.

The cooperative bank has been supported with good credit limits and availed of these limits to a satisfactory level. It is because of better non-overdue-cover which in turn is the result of better recoveries. This non-overdue-cover is made good through effective recoveries by the cooperative bank from its members societies which in turn from the borrowers. The credit limits utilisation and better recoveries clearly indicate that the cooperative bank financial position is improving to efficient.

Here some observations are made by the author which are:

(1) the scale of finance seems to be not inadequate.
However, a detailed analysis of the marketing conditions, increasing costs of inputs, trend towards mechanisation of agricultural activities in ever changing scenario is required to maintain scales of finance adequate and up-to date.

(2) Purveying credit is beyond seasonality. This should be rectified otherwise misuse of loan or non-repayment of loan or relending may crop up.

(3) Fresh loans could not be provided to the regular repayers due to identifying them under overdues area.

(4) No effective and forced action could be initiated in recovery of loans which were framed as loans due under 'legal action.' Added, the overdues are more under the category of more than three years age. "Do you want me to incur the displeasure of the politicians" is the reply from one of the officers. The probable reason for this seems to be the influence or affluence with the support of politicians and the management is not dare enough to recover loans attaching the sale of mortgaged properties.

(5) It is prevalent that the misuse or diversion of loans by the borrowers to a considerable extent. Such
phenomena has not been recorded in the reports of cooperative bank. This opens up two issues. They are:

(i) the supervising machinery could not identify this due to it's being indifferent,

(ii) identified such diversion and misuse of loans but continued to allow them. This should be rectified; and if necessary stern action should be initiated on the erring persons.

(6) The share capital contribution of the State Government has remained stagnant leading to the decrease in terms of percentage of the share capital over the years; and it is at 10.29 per cent in 1992-93. It should be suggested that the State Government should contribute additional funds, say about Rs. 50 lakhs constituting 25 per cent of capital. This would certainly improve the own funds and also enhance better credit limits.

(7) The managerial performance which measured in terms of annual growth rate supported by co-efficient of variation is satisfactory. The relation between inflow and outflow of funds is weakening during the end period under study reference.
(8) The cooperative bank could have modest margin. With this margin, it could operate its business with existing working capital on break-even point.

(9) With this moderate margin, if the cooperative bank improves its recovery position at least to about 75 per cent, its position of working for members would really snap that 'cooperation lies in cooperative.'

To sum up, the future role of the cooperative bank in particular and the cooperative credit movement in general would lie on:

(1) its policy in freeing the members from the clutches of vested interests

(2) in making it, a movement of the people

(3) increasing recovery by linking credit with marketing

(4) increasing its self-reliance

(5) diversifying its business even to the tune of 20-25 per cent to commercial transactions,

(6) supervising the credit to ensure its proper utilisation.

The phenomena with the above means would improve the working conditions of the cooperative bank quantitatively as
well as qualitatively which inturn would improve the quality of
deco-economic life of farmers by alleviating poverty. The
development rapport with the primaries and automatic 'line of
credit' to them should entail in operational transactions with
underlying motto of cooperation. The success of the cooperative
bank in the ultimate analysis is to be judged by the manner in
which it has promoted the healthy functioning and development
of the primaries in rural areas. The cooperative bank as a leader
at the district level should also take up to sell consumer goods
in villages at reasonable prices through the network of primaries.
Further, it should serve as a marketing agency for all the inputs
required for the agricultural sector and for the output produced
by the farmers. The effective rendering of this service will go
a long way in laying a strong foundation for momentum of the
cooperative movement under changing conditions of rural economy
of India.